C8950-2

TWO DOLLARS

PROFESSIONALIZING A SALES STAFF 24

[illegible]DDING COMES OF AGE 35

[illegible] PRODUCT-LIABILITY CLAIMS 48

040287 01/V2Z70Q1151516 2RV2 **
CONGRESSIONAL INF SRV 073085
8507
4520 EAST WEST HWY #800
BETHESDA MD 20814

RV BUSINESS

JAN/22

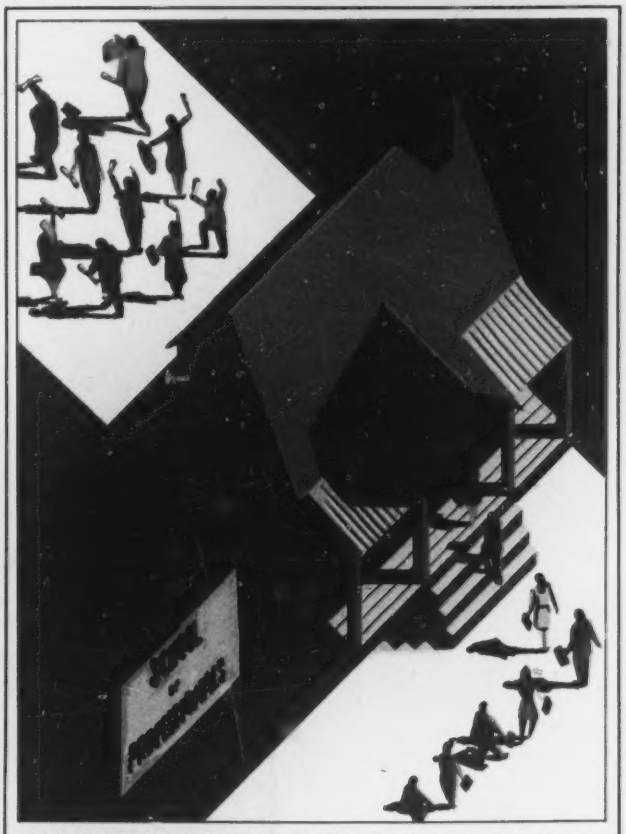
1988

[illegible]try [illegible]otential [illegible] Market

[illegible]n of the U.S. dollar has spawned a renewed interest in exports among domestic component suppliers and manufacturers of recreational vehicles and van conversions. Wary of further exchange-rate fluctuations, however, American companies are cautiously approaching export opportunities.

Foreign trade, industry observers stressed, has never been a panacea for the RV industry. A few suppliers—including Shurflo, Anaheim, Calif. (water pumps); Thetford Corp., Ann Arbor, Mich. (portable and freshwater toilets); and Carefree of Colorado, Broomfield, Colo. (awnings)—have done a regular business overseas for a number of years. And a few Indiana OEMs—Coachmen Industries Inc., Elkhart; Holiday Rambler Corp., Wakarusa; Jayco Inc., Middlebury; International Vehicles Corp., Bristol; and Starcraft Corp., Topeka—have dab-

continued on page 9



PROFESSIONALISM AND A SALES STAFF: A variety of methods are used by today's RV dealers to add professionalism to their sales department: everything from training schools to contests. See page 24 for the full story.

RVIA Study: '87 Shipments to Be 2nd Highest Since '78

Considering the strength of RV sales through the third quarter, John W. DeWolf, a consultant on forecasting for RVIA, in December predicted that 1987 RV shipments (less van conversions) would total 217,600 units—the second highest total since 1978 and very close to 1984's 222,900 units.

This represents a 10.1% gain over 1986, with towables up 8.5%, motorhomes up 10.6%, and truck campers up better than 30%.

Leading indicators, meanwhile, point to "a short and shallow dip in the general business cycle" in 1988, said DeWolf. But the dip should be mild enough—and the interest rates low enough—that DeWolf is not altering his 1988 prognosis as a result of October's "Black Monday" stock-market plunge. He sees 1988 shipments 4% above the projected 1987 figure, or 226,000.

In an earlier forecast for RVB, Indiana University predicted an 11% increase for an '87 total of 234,300 units (less vans). Δ—*Sherman Goldenberg*

Congress Votes to Keep Interest Deductions for RVs

RV manufacturers, dealers and owners were given an early Christmas present in December when a House and Senate Conference Committee voted down a proposal that would have repealed the federal income-tax deduction for interest on RV loans.

The issue of the deductibility of RV-loan interest was one of many taken up by the House and Senate conferees when they hammered out a $23 billion tax package that was signed by President Reagan Dec. 22. House conferees had brought to the negotiations a provision of an earlier bill (HR3545) that would have retroactively repealed the deduction for RV loans made after Oct. 13, 1987. A previously passed Senate bill did not have any such provisions. During the course of the conference-committee negotiations, the Senate conferees offered to agree to the House proposal to place a $1 million loan cap on first mortgages and a $100,000 cap on home-equity loans if the House in return would drop its efforts to repeal the interest deduction for RVs and boats.

The House conferees initially turned down that offer and instead asked for a $100,000 loan cap on RV- and boat-interest deductions. Responding to lobbying efforts from RV and boat interests, the Senate conferees stood fast and the House conferees relented. As a result, the committee reached the joint

continued on page 11

JAN. 22, 1988 TWO DOLLARS

RV BUSINESS

VOLUME 38, NUMBER 20

TABLE OF CONTENTS

RV BAROMETER

Landmark Product-Liability Bill Heads for Legislative Approval 7

Winnebago Industries Eyes The Van-Conversion Market 9

Taking a Look at the RV Market in Great Britain 11

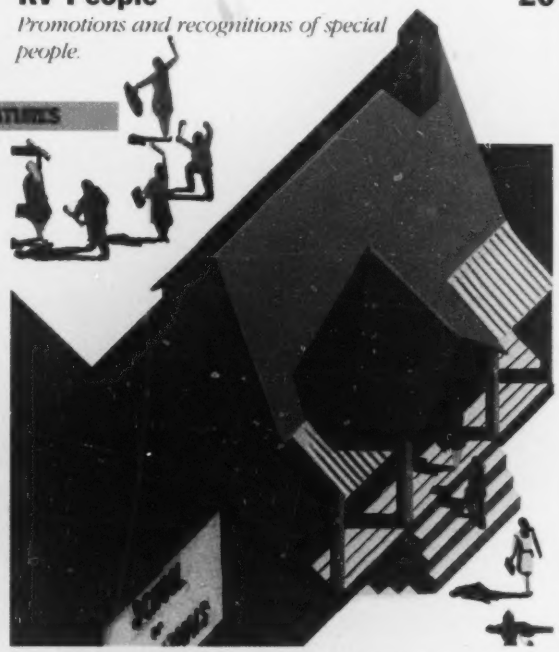
RVIA Shipments 14
Shipment figures show three straight months of increases.

Blue Chip Consensus 16
Estimated growth for 1988 moved up to a new GNP of 2%.

DAB Perspective 18
November retail sales show minor slumps following hectic times on Wall Street.

RV People 20
Promotions and recognitions of special people.

FEATURES



Professionalizing a Sales Staff 24
A variety of techniques are used by today's successful RV dealers—everything ranging from sales meetings to contests and testing.

Bar Coding 35
A proven tool for managing parts, pricing and inventory makes its way into the RV industry with the support of RVIA and WDA.

Writing an Effective News Release 44
Tips and suggestions on how every dealer can better its business' activities.

DEPARTMENTS

Marketing Concepts 47
The owners of Hilltop Travel Trailers, Red Oak, Texas, maintain a "no salesmen" philosophy—and succeed.

Legal 48
Some relief may be in sight from huge liability awards, but there's still much an RV business can do to guard against legal problems.

In Brief 50
Brief news items about RV companies and associations; earnings reports.

Profitmakers 51

Calendar 54

Advertisers' Index 56

Readers' Forum 57

Classified Advertising 57

Commentary 58

RV Business (ISSN 0744-9569, USPS 920-340) is copyrighted 1988 by TL Enterprises Inc. in the United States and Great Britain. All rights reserved. Permission to reprint or quote excerpts granted only upon written request. Second class/controlled postage paid at Agoura, Calif. 91301, and additional entry points. POSTMASTER: Send address changes to *RV Business*, PO Box 2000, Agoura, Calif. 91301. Record all changes of address in writing with the Circulation Department at least 30 days before date of issue in which they are to take effect. Address all correspondence and editorial material to the Agoura, Calif., office. *RV Business* is published semimonthly, except three times in March when an annual industry directory is published. Subscription rates: U.S. and Canada, $48 a year; $96 for two years. Foreign subs, $96 per year. Single copies are $2 for regular issues and $9.95 for the directory. Advertising rates are provided on request. *RV Business* is published by TL Enterprises Inc., which also publishes the *RVB Annual RV Industry Directory*, *Trailer Life*, *MotorHome*, *Rider*, *Trailer Life's Annual RV Buyer's Guide*, *Trailer Life's RV Campground & Services Directory* and *Hi-Way Herald* for the Good Sam Club. TLE's Book Division currently has six books in print.

COVER ILLUSTRATION: MARK DAVY

1987 EXPECTED TO END ON AN UPBEAT NOTE

MORTON J. MARCUS

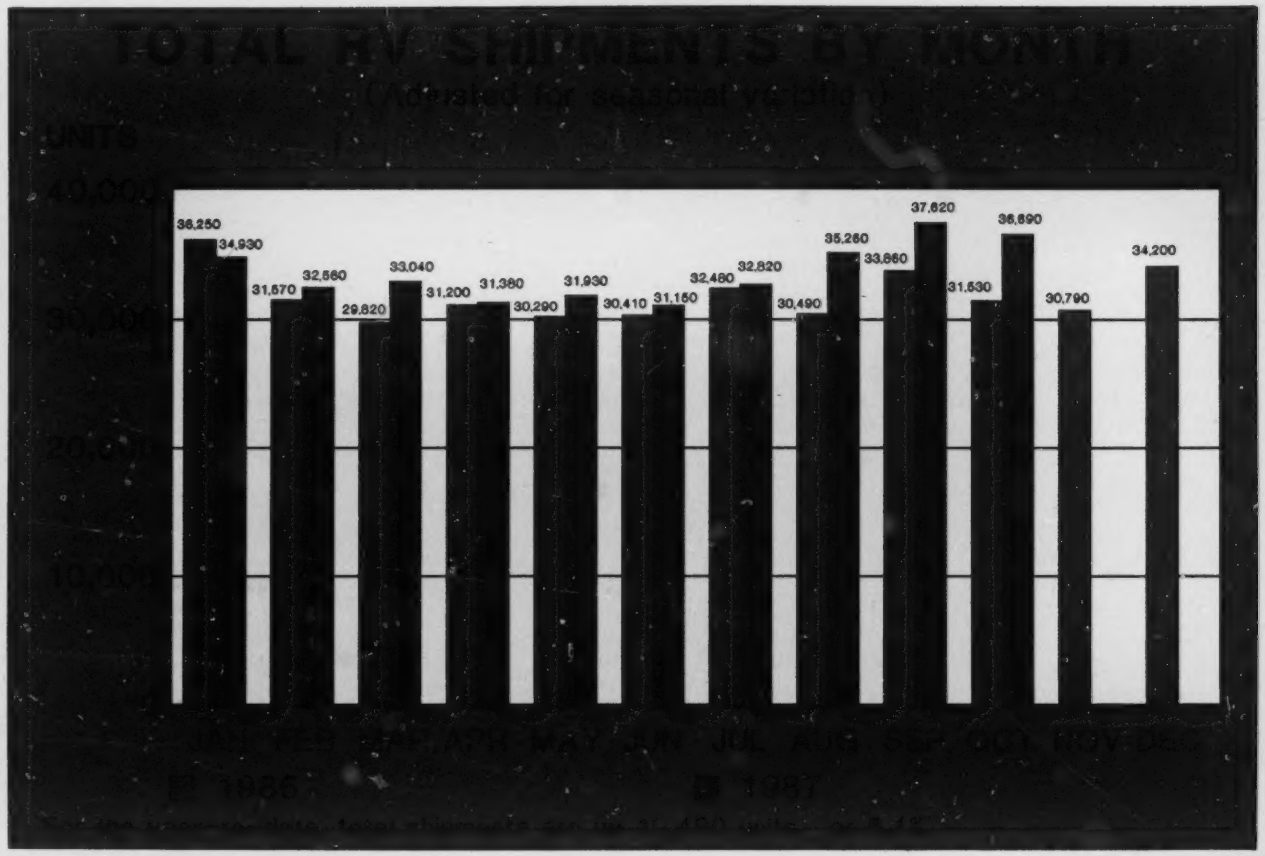


Figure 1

If the economy is slowing down, it does not show up in the latest shipment data from RVIA. When adjusted for normal seasonal factors, the 33,900 units reported by RVIA for October 1987 become a total of 36,690 units. This is an improvement of nearly 5,200 units (16.4%) from the same month a year ago (*see Figure 1*).

October thus marks the third consecutive month with a gain of more than 10% from the corresponding month of 1986. Of the total 19,490 units which RV shipments are now running ahead of 1986, 70% of the gain (13,700 units) was realized in the period from August through October. With the exception of January, every month in 1987 was ahead of the same month in 1986. Clearly, the RV industry was not part of any slowdown in business activity.

Since March of '86, every month exceeded 30,000 units shipped. The two most recent months for which we have data, September and October, have both topped the 36,250-unit previous high point that occurred in January. Although seasonally adjusted shipments in October were down from September by almost 1,000 units (−2.5%), a total of 36,690 units in the month is hardly chopped liver, as a colleague is fond of saying.

The Detailed View of '86

The October shipments were down in seven of the 11 classifications for which we report (*see Figure 2*). But most of these were small changes in volume and high-percentage changes on small volume. For example, the decline in Class C micro-minis was a fall from 210 to 150 units, a 60-unit drop that gives the big 28% number shown in Figure 2. Similarly, the fall in Class C low-profile units was only about 90 units.

The important numbers are the year-to-date statistics. Here the gains are very widespread. When seen in the context of the entire year, seven of the 11 types of RVs were up in volume. Two of the Class C models were down, as were park models and van conversions. All the others were up. The big percent leaders were truck campers (more than 41%), as well as both Class A and Class B motorhomes (each running more than 24% ahead of the previous year).

Class A motorhomes led all types in absolute volume gains (*see Figure 3*). For the year, these units were up nearly 6,700

units. In fact, Class A units accounted for more than a third of the total 23,350-unit up-volume in the industry. Folding camping trailers, up by 4,800 units from the same time in 1986, are the big volume leader among the towables. Other strong gains were recorded by both conventional travel trailers (more than 4,000 units) and fifth-wheels (almost 3,100) units.

Van conversions accounted for nearly 30% of the 3,860 downside-volume in the industry. Both low-profile and micro-mini C's were down by more than 900 units each. The other declining group was park models (more than 800 units). Although the loss for van conversions was so small in percentage terms (just seven-tenths of one percent), this type of RV nonetheless lost 3.2 points in its market-share rating. Van conversions declined from nearly 49% to 45.7% in a year's time (*see Figure 4*).

As a group, towables gained two percentage points in market share compared to 1986. Nearly half of that was scored by folding camping trailers. Motorhomes also gained (1.2 points), led by the strong gains in Class A's and B's, but offset by declines in Class C units.

Closing the Year

If the industry only equals the performance of the last two months from 1986, total shipments in the year '87 will top 400,000 units. Should total shipments keep up the consistent 6% improvement of '87, then total shipments will close over 406,000 units. But if the gains of the last three strong months of 1987 persist, then the final numbers for the year could very well be close to 412,000 units. In summary, it will take a major change in trends to retreat from the substantial gains of 1987. Δ

Figure 3

YEAR-TO-DATE CHANGES IN UNITS SHIPPED

Type	Gainers	Losers
TOTAL RVs	19,490	
Travel Trailers:		
Conventional	4,010	
Park Models		– 840
Fifth-wheels	3,080	
Folding Camping Trailers	4,800	
Truck Campers	2,490	
Motorhomes:		
Class A	6,670	
Class B Van Campers	1,380	
Class C		
Minis	920	
Low Profile		– 930
Micro-minis		– 960
Multi-use Van Conversions		–1,130

Detail may not add to total because of rounding.

Figure 4

MARKET SHARE BY TYPE OF UNIT

(Year-to-date, adjusted for seasonal variation)

	1987	1986
TOTAL RVs	100.0	100.0
Travel Trailers:		
Conventional	14.7	14.4
Park Models	1.7	2.1
Fifth-wheels	6.5	5.9
Folding Camping Trailers	10.2	9.3
Truck Campers	2.5	1.9
Motorhomes:		
Class A	10.1	8.6
Class B Van Campers	1.9	1.6
Class C		
Minis	5.1	5.1
Low Profile	0.6	0.9
Micro-minis	0.9	1.2
Multi-use Van Conversions	45.7	48.9

Detail may not add to total because of rounding.

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

RV SHIPMENTS BY TYPE OF UNIT

(Adjusted for seasonal variation)

TYPE:	OCTOBER 1987	PERCENT CHANGE FROM SEPT.	YEAR-TO-DATE 1987	1986	PERCENT CHANGE
TOTAL RVs	36,690	-2.5	337,380	317,890	6.1
Travel Trailers:					
Conventional	5,240	3.1	49,740	45,740	8.8
Park Models	630	-1.9	5,710	6,550	-12.8
Fifth-wheels	2,360	-1.8	21,980	18,900	16.3
Folding Camping Trailers	3,760	-1.6	34,390	29,590	16.2
Truck Campers	1,040	4.5	8,510	6,020	41.4
Motorhomes:					
Class A	4,090	2.0	34,020	27,350	24.4
Class B Van Campers	910	-8.6	6,500	5,120	27.0
Class C:					
-Mini	1,860	5.0	17,130	16,210	5.7
-Low Profile	240	-28.1	2,080	3,020	-30.8
-Micro-mini	150	-28.2	3,010	3,970	-24.2
Multi-use Van Conversions	16,430	-5.4	154,290	155,420	-0.7

Figure 2

NOVEMBER SALES SLIP SLIGHTLY

GAYLORD MAXWELL

After-shocks from the October stock-market crash were felt in the RV marketplace in November. Fortunately, they were mild. That's the reading we get from *RV Business'* Dealer Advisory Board (DAB) report for the month.

Our conclusion is based on the fact that, compared with the previous November, more than half of the 24-member group was down in sales volume as well as in total-unit sales. Add to that these facts: Lot traffic was rated low; new-unit profits were rated only fair; used profits, which have been consistently rated excellent for many months, were about equally rated from excellent to poor; grosses, although variously rated, got the most checks in the fair column; and net profits leaned strongly to the fair and poor end. New-unit inventories were rated a bit on the high side; used inventories were quite varied, with about an equal number in each category—high, average and low.

To some extent, the apparent downturn was due to the fact that in November and December 1986, the industry got a shot in the arm with the final-fling buying by those who used the sales-tax-deduction reason to plunk down their cash before Dec. 31. In 1987, economic forces worked the opposite.

Still, there was definitely a plus side to November. Three RV types were up in new-unit sales. The new-unit total was up for the month. All types except one (camping trailers) were still up for the year-to-date in both new and used units, and sales volume was still up year-to-date. In spite of the general "bump," many of the DAB members were up for the month. In fact, two reported the best November sales ever!

Motorhomes

New motorhomes maintained the 9% increase they held for the year-to-date. DAB members who stocked that RV type were equally divided between those who were up for the month and those who were down in new-unit sales. One large dealership increased its sales very significantly for the month, consistent with its growth for the year. Also, one of the smaller dealerships that moved to a better location saw a 65% sales increase.

Used sales, unexplainably, skidded drastically—dropping 28% for the month and reducing the year-to-date figure to only 2%. New-motorhome profits remained rather strong for the month, with more than half of the DAB members rating them either excellent or good.

Travel Trailers

Both new- and used-unit sales of this type declined for the month. The actual unit dips were not great, but with November being one of the relatively low-sale months for trailers, the new-unit percentage was particularly noticeable.

Year-to-date, travel trailers have barely maintained a slim lead over the previous year. Based on reports for the past few months, that lead will probably be further diminished in the December figures.

Truck Campers

Although the actual unit figure wasn't great, the percentage of increase for new-unit camper sales in November was fabulous. Three dealers who had reported no sales for the month in 1986 did better in 1987. Year-to-date, camper dealers on the DAB were doing well. With one exception, all of the eight who stock them were ahead of the previous year.

Profits were rated as mixed.

Camping Trailers

November definitely wasn't a camping-trailer month. New-unit sales for '87 were even one less than the year before. The year-to-date figure was still a minus—the only type that was a negative for the DAB.

In spite of the slightly negative picture, most of the serious dealers of this RV type had a good year. In several cases, sales figures were up considerably—proving that "down" generally doesn't necessarily mean *down.*

Profits were rated fair.

Fifth-wheels

In terms of percentages, November was a boom month for fivers. Actually, what happened was that twice the number of dealers recorded sales in 1987 over the previous year. The numbers weren't big, but they indicated that more dealers could be selling fifth-wheels if they tried. Year-to-date, new units were still slightly ahead of 1986, and the used percentage of increase was the best of all five types.

Profit ratings ranged from excellent to fair. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	118	108	+ 9	1,477	1,381	+ 9	83	116	–28	1,412	1,381	+ 9
TRAVEL TRAILERS	63	73	–14	1,188	1,137	+ 4	87	92	–14	1,137	1,100	+ 3
TRUCK CAMPERS	18	13	+38	230	200	+15	2	4	–50	117	108	+ 8
CAMPING TRAILERS	20	21	– 5	1,094	1,103	– 1	9	7	+29	339	339	same
FIFTH-WHEELS	23	10	+130	285	270	+ 6	12	11	+ 9	185	154	+20

	FOR MONTH			YEAR-TO-DATE		
	NOV. 1987	NOV. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$8,714,189	$9,280,811	– 6	$126,485,707	$117,409,823	+8
TOTAL UNIT SALES	435	455	– 4	7,464	7,151	+5
NEW-UNIT SALES	242	225	+ 8	4,274	4,069	+5
USED-UNIT SALES	193	230	–16	3,190	3,082	+5

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board (DAB), a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dawson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gasul,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgesen,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Petersen,** Lafayette, Ind.; **William Pfile,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Skipp,** Chattanooga, Tenn.; **Jack Sloomore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.